



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

4 JAN 2016

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Use of Federal Acquisition Regulation (FAR) Provision 52.222-46,
Evaluation of Compensation for Professional Employees

This policy memorandum is to remind contracting officers of the appropriate use of the provision at FAR 52.222-46, Evaluation of Compensation for Professional Employees and require it to be inserted in full text (vice by reference).

As prescribed in FAR 22.1103, the contracting officer shall insert the subject provision in solicitations for negotiated contracts when the contract amount is expected to exceed \$700,000 and services are to be provided which will require meaningful numbers of professional employees. The provision requires that offerors submit for evaluation a total compensation plan setting forth proposed salaries and fringe benefits for professional employees working on the contract. Further, it advises prospective offerors that any plan indicating unrealistically low professional employee compensation may be assessed adversely as one of the factors considered in making an award.

Professional compensation that is unrealistically low or not in a reasonable relationship to the various job categories, may impair the Contractor's ability to attract and retain competent professional service employees, and as such, should be viewed as evidence of failure to comprehend the complexity of the contract requirements. Therefore, this provision cautions offerors that lowered compensation for essentially the same professional work may indicate lack of sound management judgment and lack of understanding of the requirement. Additionally, proposals envisioning compensation levels lower than those of predecessor contractors for the same work will be evaluated on the basis of maintaining program continuity, uninterrupted high-quality work and availability of required competent professional service employees. Further it advises that failure to comply with this provision is grounds for rejection of the proposal.

Effective immediately, this provision shall be incorporated in full text in every applicable solicitation. In concert with the notification provided within the provision, contracting officers shall ensure that Source Selection Plans along with Sections L and M of competitive solicitations accurately reflect consideration of this provision. The Navy Marine Corps Acquisition Regulation Supplement will be updated to include this shortly.

My points of contact for this can be reached at (703) 614-9597 or (703) 614-9767.

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